our finances a burden which it is not capable of bearing. Our total loss in 1951 from the sale of imported rice, at the current price, will be about Rs. 5 crores. Deducting the lump sum grant of Rs. 1·5 crores offered by the Government of India, our share of this loss would be Rs. 3·5 crores, as against Rs. 1.25 crores under the existing scheme of food subsidy. This means that the State will have to bear an additional loss of about Rs. 2·25 crores. The Government of India have suggested that thiss loss could be made good by increasing the issue price of rice to the consumer from the present rate of Rs. 17—12—0 per maund to Rs. 20 per maund. But it may not be expedient to increase the price to any appreciable extent. We have, therefore, apprised the Government of India of our very difficult position and have made strong representations for the continuance of the system of food subsidy by the Centre at the rate of 75 per cent of our loss. It was represented that though small in extent, this State was earning about Rs. 30 to 40 crores worth of dollar and sterling annually by the export of valuable commercial crops like tea, pepper, cardamom, cashew, and products like coir and coir mattings, and minerals. The foreign exchange earned by the State is more than twice the amount required for the payment of all its needs of imported foodgrains. It was also pointed out that the Government of India were getting a large amount of revenue by taxing the export of commodities in which we have a virtual monopoly and that from the export duty on pepper alone they have realised Rs. 2·5 crores this year. As a result of the increase in the expert duty on pepper they may get about Rs. 4 crores next year. We feel that the Government of India are convinced that our case deserves special consideration and that they will grant us a much larger subsidy. The budget for the ensuing year is therefore, prepared making provision only for our normal share of one-fourth of the loss on the subsidised sale of foodgrains.

Elections

7. One other matter I would like to mention is the holding of the General Election under the new Constitution. It is proposed to conduct the election in November-December 1951. So far as this State is concerned, proposals for delimitation of constituencies are now under examination by the Election Commissioner of India and the decision of the President regarding the delimitation is expected shortly. Preliminary electoral rolls for the State have already been published as originally scheduled and the claims and objections are being scrutinised by the Revising Authorities. It will be possible to publish the final electoral rolls in April or May, as soon as the proposals for delimitation are finalised. Other arrangements for conducting the election are making satisfactory progress. The Government of India have agreed to bear 50 per cent of the extra expenditure, estimated at Rs. 9 lakhs, incurred by the State in connection with the preparation and printing of the electoral rolls and for the conduct of the General Election.

With these introductory remarks I shall now address myself to the final accounts of 1125 (7½ months), then deal with the Revised Estimate for 1950—51 and finally place before you the Budget Estimate for 1951—52.

Actuals for 1949—50 (7½ months)

8. In the revised estimate for 1949—50, we anticipated a revenue receipt of Rs. 891·43 lakhs and an expenditure of Rs. 925·64 lakhs, resulting in a deficit of Rs. 34·21 lakhs. But as the financial year was of 7½ months' duration only, it was not possible to implement fully the expenditure programme according to plan. This was also partly due to the various transitional changes in the working of the departments on account of the integration of Travancore and Cochin. The expenditure was in consequence limited to Rs. 799·48 lakhs. At the same time, the intensive drive for the collection of revenue yielded satisfactory results. The total revenue

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[Sri A. J. John]

for the year was Rs. 924·00 lakhs as against Rs. 891·43 lakhs anticipated. The accounts for the year thus closed with a net surplus of Rs. 124·52 lakhs as against an anticipated deficit of Rs. 34·21 lakhs. This enabled the Government to start the year 1950—51 with an opening cash balance of Rs. 300·19 lakhs while we had expected a balance of Rs. 125·47 lakhs only.

Revised Estimate for 1950—51

9. Based on the actuals for the nine completed months of the year, the estimate of revenue and expenditure for 1950—51 has been revised and fixed as follows.—

	Budget Estimate 1950—51 (*Rs. in lakhs*)	*Revised Estimate 1950—51* (*Rs. in lakhs*)	*Increase ( ) Decrease (—)* (*Rs. in lakhs*)
Revenue Receipts ..	1400·16	1432·33	+32·17
Expenditure on Revenue Account ..	1436·20	1405·48	—30·72
Surplus (+) ..		(+) 26·85	
Deficit (—) ..	(—) 36·04		

While framing the budget estimate of 1950—51 the ordinary revenue was estimated at Rs. 1400·16 lakhs. The estimate of ordinary revenue stands revised at Rs. 1432·33 lakhs, an increase of Rs. 32·17 lakhs. This is the net result of increases under some heads partly counter-balanced by decreases under some other heads. The details of the variations are given in the Budget Memorandum. I shall, however, deal with a few of the important heads under which there have been marked variations and indicate the special circumstances which contributed to them.

10. The most important item of increase is that under "Sales Tax" which is expected to yield an additional revenue of about Rs. 18·00 lakhs. Next come, "Forests" with an anticipated increase of about Rs. 7·00 lakhs, "Interest" about Rs. 7·00 lakhs, "Police" (Vehicle Tax) about Rs. 5·00 lakhs and "Electricity" about Rs. 26·50 lakhs. The increase in Electricity receipts is due not only to better collections but also to the revised system of accounting, by which the interest charges on Capital Schemes which have not yet begun to yield revenue are added to Capital outlay, instead of being debited to 'Working Expenses' as hitherto.

11. A substantial increase in revenue is anticipated from Minor Departments. Receipts from mineral factories, including royalty, have made a major contribution to the increase under this head. From the Transport Department, an increase in revenue is anticipated mainly due to the opening of new lines, in spite of the increase in the working expenses owing to high prices of the rolling stock, spare parts, petrol and oils, tyres, etc. In the Miscellaneous Departments also, slight increases are anticipated.

12. On the expenditure side, the most notable item of increase is under food subsidy. In the year 1950 the State was allotted a quota of 3,00,000 tons of food grains from outside sources. It was expected that in comformity with the policy of the Government of India to limit the purchase of food grains from overseas, the bulk of the supplies to the State would be made from internal sources and that the local procurement prices would be less than the landed cost of imported grains. We, therefore, did not anticipate any large expenditure by way of food subsidy and so a provision of only Rs. 25 lakhs was made, to meet any unforeseen contingency. However, contrary to all expectations the price of internally procured price supplied to the State from U. P. was considerably higher than that of imported rice. In the result, the net loss on food subsidy in 1950-51 is Rs. 130 lakhs, after setting off

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Rs. 25 lakhs as the profit from the sale of locally procured rice. A revised provision of Rs. 130 lakhs under food subsidy is accordingly made in the budget for 1950-51. We have also made representations to the Government of India that as the price of internally produced rice was very high we are entitled to get the subsidy at 75 per cent of the loss on its sale also. The matter is still under negotiation.

13. These increases have been to a great extent counter-balanced by decreases in expenditure under several heads such as Excise, Salt, Police, Medical, Public Health, Food production and Post-war-Reconstruction Schemes. The lump sum provisions made in the budget for the reorganisation of the several departments, could not be fully utilised and this accounts for the savings under many heads. Further, the programme of expenditure under the food Production Department, the Village Uplift Department, and Post-war Reconstruction Schemes, has not made appreciable headway according to original plans.

14. Under Debt Heads, the revised estimate anticipates a net receipt of Rs. 260·94 lakhs against Rs. 145·03 lakhs anticipated in the budget estimate.

15. The total savings expected on account of the various factors will result in an increase of our cash balance to Rs. 317·75 lakhs.

16. The hon'ble Members will be able to see from the above that our adverse cash position in the beginning of the year 1949—50 has changed as a result of better revenue yields and well-controlled expenditure programmes. This has led to a very encouraging cash position. The heavy overdraft accommodation, which we were obliged to obtain from our bankers, has been completely liquidated, leaving a comfortable cash balance with the banks and treasuries, thus enabling the Government to meet their requirements, including heavy payments towards foodgrains without difficulty. An amount of Rs. 2 crores is, however, due to the Government of India towards purchase of foodgrains made before integration and I am now in a position to say that the amounts due to this Government for the current year as our share of the receipts from the Cochin Harbour, Match Excise, and balance of guaranteed reimbursement towards budget gap for 1950—51, will be sufficient to clear about Rs. 150 lakhs of this debt.

Budget Estimate for 1951—52

17. I now turn to the Budget Estimate for the year 1951—52. Before entering into the details I consider it necessary to acquaint the House with a very important change that has been made in the preparation of the Budget. As a necessary corollary to the integration of their finances with the Centre, Part 'B' States are required to prepare their Budgets on the model of the Budgets of the Government of India and Part 'A' States. This change has necessitated the re-grouping of several Minor Heads under the appropriate new Major Heads of account and consequently, we are obliged to prepare the Budget Estimate for the next year separately, without the corresponding actuals for the last completed year and the Revised Estimate for the current year. But for statistical purposes, a subsidiary statement showing the actuals for 1949—50 and the Budget and Revised Estimate for 1950—51, has also been prepared and is presented along with the Budget for the next year. This new procedure may cause some initial difficulty to the hon'ble Members. The Explanatory Memorandum distributed along with the Budget will, I hope, help the hon'ble Members to follow the detailed figures as now presented.

18. The Estimates of Revenue and Expenditure for 1951—52 are given below:—

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